

WASHINGTON STATE DEPARTMENT OF REVENUE



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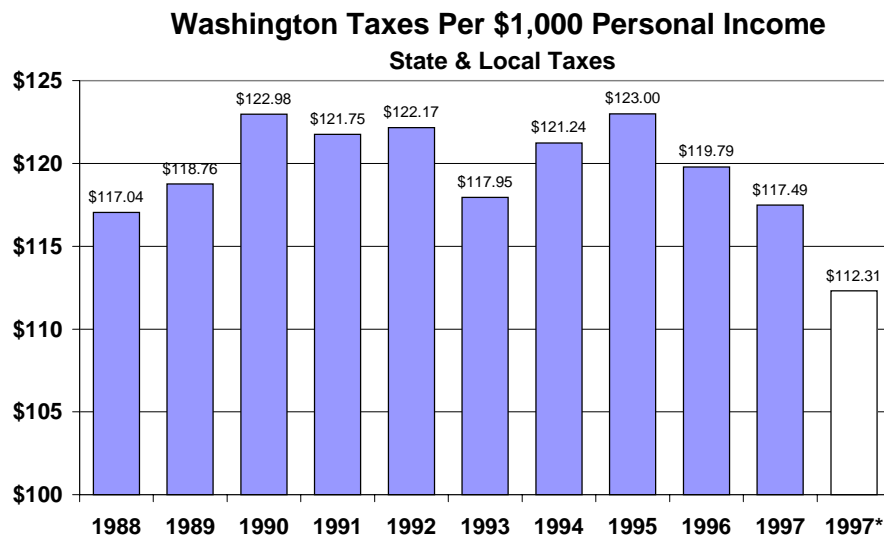
Washington Tax Burdens Drop to Nine-year Low; Further Declines Anticipated

OLYMPIA, Wash., Feb. 1, 2001 — State and local tax burdens declined to a nine-year low in the most recent national comparisons released today by the Washington State Department of Revenue, and that's without counting the elimination of the motor vehicle excise tax.

Washingtonians paid \$117.49 in state and local taxes per \$1,000 of personal income in fiscal 1997, a reduction of \$2.30 from fiscal 1996 and \$5.51 since fiscal 1995, according to *Comparative State and Local Taxes -- 1997*, a Revenue research report. The decline is due to a series of tax cuts since 1995.

The 1997 figure is the lowest since 1988, when taxpayers paid \$117.04 per \$1,000 personal income.

The 1997 comparisons, based on data recently provided by the U.S. Census Bureau, rank states by tax relative to income and tax per capita. Washington ranked 11th by both measures. Among neighboring states,



*The rightmost column shows what 1997 tax burdens would have been had the Motor Vehicle Excise Tax been eliminated that year.

(more)

Oregon ranked 33rd at \$106.75 per \$1,000 income, and Idaho ranked 20th at \$112.48. The national average was \$111.43. Washington ranked 4th in tax burdens among 13 Western states.

The 1997 rankings do not take into account the elimination of the Motor Vehicle Excise Tax (MVET), effective January 1, 2000. If elimination of the MVET were factored in the 1997 numbers, Washington's rate would have fallen to \$112.31 per \$1,000 personal income. This would have reduced Washington's ranking from 11th to 20th among the states for 1997. This would have been the lowest rate since the 1982 recession, when taxes dropped to \$101.80 as businesses and consumers sharply cut back spending. Other tax reductions since 1997, including the final rollback of the B&O tax on services to 1993 levels, would have reduced the figure even further, although exact estimates are not available.

Historically, state and local taxes in Washington generally have ranged from \$115 to \$120 per \$1,000 personal income. Taxes have risen above that range during periods of economic and population growth and have fallen below it during periods of economic or population contraction. This is mainly because consumption subject to sales taxes rises and falls with the economy and population.

For more information, please check the full report available in the statistical reports section of the agency's web site at dor.wa.gov.

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